

US jobless claims rise for second week in a row

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Initial jobless benefit claims in the US rose the second time in a row last week, undermining claims that the recovery in corporate profits is translating into improved employment conditions for workers.

Filings for the week ending December 12 reached 480,000, up 7,000 from the previous week, according to the report issued Thursday by the Labor Department. The figure was significantly higher than predicted by economists surveyed in a Dow Jones poll, who expected jobless claims to fall by 9,000.

The increase follows an unexpected jump in the number of new claims the previous week, when filings reached 474,000. That figure was revised downward slightly in the latest report to 473,000. Claims for continuing jobless benefits, paid to workers who have remained unemployed, also rose by 5,000 to 5,186,000.

New York had the largest increase in new claims. The state registered 16,344 new applications, which the Labor Department report attributed to layoffs in the service sector, construction and transportation.

The number of jobless claims rose in 45 states, and decreased in eight. The four-week level of jobless claims fell slightly, despite the second consecutive increase in new filings.

The Labor Department report also showed that a growing number of people are collecting extended unemployment insurance benefits. That figure reached 4.73 million after growing by 144,000 last week, according to partial data included in the report. The extended benefits, provided by the federal government for laid-off workers whose state benefits have expired, are scheduled to expire at the end of the year, and Congress has yet to authorize new extended benefits. This could leave millions of workers without any jobless benefits.

The continued increase in the number of people

collecting unemployment benefits reflects the growing ranks of workers who are unable to find employment. "People who have already lost their job are having incredible difficulty finding a job," wrote Dan Greenhaus of Miller Tabak, a Wall Street firm.

The latest figures add to concerns that economic growth in 2010 will be lower than that for the second half of 2009, dragged down by the expiration of government stimulus programs, continued unemployment, and falling wages.

Persistent high unemployment is leading millions of people who have lost their jobs to apply for federal disability programs, according to a recent analysis of Social Security Administration data made by MSNBC. New applications for disability benefits rose 17 percent in fiscal year 2009, reaching 3 million. Filings for fiscal year 2010 are expected to jump another 10 percent.

Meanwhile, mass layoffs continue. Reynolds American, one of the largest US tobacco companies, announced this week that it will cut 400 jobs. ArcelorMittal SA plans to cut 10,000 jobs in Europe, the US and other regions, according to a recent leak to the *Wall Street Journal*. The company has already reduced its capacity utilization to 70 percent in response to the downturn, and does not plan to change this figure over the next four years.

Large-scale layoffs will continue in the coming year, according to a survey of corporate chief financial officers conducted by Duke University and CFO magazine. The executives surveyed expect to cut their workforces by 1.6 percent in the US.

Despite the improvement in business profitability, most of the executives surveyed said that they don't expect employment to reach normal levels until 2011 at the earliest. Some 61 percent of executives said their companies had lowered overtime in 2009, while 40

percent implemented other cuts, including furloughs and benefit reductions.

Three quarters of the companies said they had cut their work forces in recent years. Two thirds said they did not expect to bring those jobs back in 2010. At the same time, the surveyed CFOs expected their companies' earnings to rise by 7.4 percent next year.



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